

State of Arizona  
Senate  
Forty-eighth Legislature  
Second Regular Session  
2008

# **SENATE BILL 1117**

AN ACT

AMENDING SECTION 36-422, ARIZONA REVISED STATUTES; RELATING TO HEALTH CARE INSTITUTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 36-422, Arizona Revised Statutes, is amended to  
3 read:

4       36-422. Application for license: notification of proposed  
5       change in status: joint licenses: definition

6       A person who wishes to be licensed under this chapter to operate a  
7 health care institution shall file with the department an application on a  
8 form prescribed, prepared and furnished by the department. The application  
9 shall contain the following:

10      1. The name and location of the health care institution.  
11      2. Whether it is to be operated as a proprietary or nonproprietary  
12 institution.

13      3. The name of the governing authority. The applicant shall be the  
14 governing authority having the operative ownership of, or the governmental  
15 agency charged with the administration of, the health care institution sought  
16 to be licensed.

17      4. The name and business or residential address of each controlling  
18 person and an affirmation that none of the controlling persons has been  
19 denied a license or certificate ~~issued~~ by a health profession regulatory  
20 board pursuant to title 32 or ~~issued~~ by a state agency pursuant to chapter 6,  
21 article 7 or chapter 17 of this title or a license to operate a health care  
22 institution in this state or another state or has had a license or  
23 certificate issued by a health profession regulatory board pursuant to title  
24 32 or issued by a state agency pursuant to chapter 6, article 7 or chapter 17  
25 of this title or a license to operate a health care institution revoked. If  
26 a controlling person has been denied a license or certificate ~~issued~~ by a  
27 health profession regulatory board pursuant to title 32 or ~~issued~~ by a state  
28 agency pursuant to chapter 6, article 7 or chapter 17 of this title or a  
29 license to operate a health care institution in this state or another state  
30 or has had a health care professional license or a license to operate a  
31 health care institution revoked, the controlling person shall include in the  
32 application a comprehensive description of the circumstances for the denial  
33 or the revocation.

34      5. The class or subclass of health care institution to be established  
35 or operated.

36      6. The types and extent of the health care services to be provided,  
37 including emergency services, community health services and services to  
38 indigent patients.

39      7. The name and qualifications of the chief administrative officer  
40 implementing direction in that specific health care institution.

41      8. Other pertinent information required by the department for the  
42 proper administration of this chapter and department rules.

43      B. An application filed pursuant to this section shall be signed as  
44 follows:

1        1. If the applicant is an individual, by the owner of the health care  
2 institution.

3        2. If the applicant is a partnership or corporation, by two of the  
4 partnership's or corporation's officers.

5        3. If the applicant is a governmental unit, by the head of the  
6 governmental unit.

7            C. An application for licensure or re licensure shall be filed at least  
8 sixty but not more than one hundred twenty days before the anticipated  
9 operation or the expiration date of the current license. An application for  
10 a substantial compliance survey submitted pursuant to section 36-425,  
11 subsection D shall be filed at least thirty days before the date on which the  
12 substantial compliance survey is requested.

13            D. If a current licensee intends to terminate the operation of a  
14 licensed health care institution or if a change of ownership is planned  
15 either during or at the expiration of the term of the license, the current  
16 licensee shall notify the director in writing at least thirty days before the  
17 termination of operation or change in ownership is to take place. The  
18 current licensee is responsible for preventing any interruption of services  
19 required to sustain the life, health and safety of the patients or residents.  
20 A new owner shall not begin operating the health care institution until the  
21 director issues a license.

22            E. A licensed health care institution for which operations have not  
23 been terminated for more than thirty days may be re licensed pursuant to the  
24 standards that were applicable under its most recent license.

25            F. If a person operates a hospital **IN A COUNTY WITH A POPULATION OF**  
26 **MORE THAN FIVE HUNDRED THOUSAND PERSONS** in a setting that includes **SATELLITE**  
27 facilities of the hospital that are located separately from the main hospital  
28 building, the department at the request of the applicant or licensee shall  
29 issue a single group license to the hospital and its designated **SATELLITE**  
30 facilities located within one-half mile of the main hospital building if all  
31 of the facilities meet or exceed department licensure requirements for the  
32 designated facilities. At the request of the applicant or licensee, the  
33 department shall also issue a single group license that includes the hospital  
34 and not more than **five** **TEN** of its designated satellite facilities that are  
35 located farther than one-half mile from the main hospital building if all of  
36 these facilities meet or exceed applicable department licensure requirements.  
37 **IF A PERSON OPERATES A HOSPITAL IN A COUNTY WITH A POPULATION OF FIVE HUNDRED**  
38 **THOUSAND PERSONS OR LESS IN A SETTING THAT INCLUDES SATELLITE FACILITIES OF**  
39 **THE HOSPITAL THAT ARE LOCATED SEPARATELY FROM THE MAIN HOSPITAL BUILDING, THE**  
40 **DEPARTMENT AT THE REQUEST OF THE APPLICANT OR LICENSEE SHALL ISSUE A SINGLE**  
41 **GROUP LICENSE TO THE HOSPITAL AND ITS DESIGNATED SATELLITE FACILITIES LOCATED**  
42 **WITHIN THIRTY-FIVE MILES OF THE MAIN HOSPITAL BUILDING IF ALL OF THE**  
43 **FACILITIES MEET OR EXCEED DEPARTMENT LICENSURE REQUIREMENTS FOR THE**  
44 **DESIGNATED FACILITIES. AT THE REQUEST OF THE APPLICANT OR LICENSEE, THE**  
45 **DEPARTMENT SHALL ALSO ISSUE A SINGLE GROUP LICENSE THAT INCLUDES THE HOSPITAL**

1 AND NOT MORE THAN TEN OF ITS DESIGNATED SATELLITE FACILITIES THAT ARE LOCATED  
2 FARTHER THAN THIRTY-FIVE MILES FROM THE MAIN HOSPITAL BUILDING IF ALL OF  
3 THESE FACILITIES MEET OR EXCEED APPLICABLE DEPARTMENT LICENSURE REQUIREMENTS.

4 Each facility included under a single group license is subject to the  
5 department's licensure requirements that are applicable to that category of  
6 facility. Subject to compliance with applicable licensure or accreditation  
7 requirements the department shall reissue individual licenses for the  
8 facility of a hospital located in separate buildings from the main hospital  
9 building when requested by the hospital. This subsection does not apply to  
10 nursing care institutions and residential care institutions. The department  
11 is not limited in conducting inspections of an accredited health care  
12 institution to ensure that the institution meets department licensure  
13 requirements.

14 G. If a county with a population of more than one million persons or a  
15 special health care district in a county with a population of more than one  
16 million persons operates an accredited hospital that includes the hospital's  
17 accredited facilities that are located separately from the main hospital  
18 building and the accrediting body's standards as applied to all facilities  
19 meet or exceed the department's licensure requirements, the department shall  
20 issue a single license to the hospital and its facilities if requested to do  
21 so by the hospital. If a hospital complies with applicable licensure or  
22 accreditation requirements, the department shall reissue individual licenses  
23 for each hospital facility that is located in a separate building from the  
24 main hospital building if requested to do so by the hospital. This  
25 subsection does not limit the department's duty to inspect a health care  
26 institution to determine its compliance with department licensure standards.  
27 This subsection does not apply to nursing care institutions and residential  
28 care institutions.

29 H. An applicant or licensee must notify the department within thirty  
30 days after any change regarding a controlling person and provide the  
31 information and affirmation required pursuant to subsection A, paragraph 4 of  
32 this section.

33 I. This section does not limit the application of federal laws and  
34 regulations to an applicant or licensee certified as a medicare or an Arizona  
35 health care cost containment system provider under federal law.

36 J. For the purposes of this section:

37 1. "Accredited" means accredited by a nationally recognized  
38 accreditation organization.

39 2. "Satellite facility" means an outpatient facility at which the  
40 hospital provides outpatient medical services.